

# GOVERNMENT OF TELANGANA

## ABSTRACT

MA & UD – Energy Conservation and Efficiency measures in ULBs – Pilot Project for replacement of existing street lights with LEDs in the selected stretches of 12 ULBs through M/s EESL, New Delhi – Permission – Accorded – Orders – Issued.

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MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT (D) DEPARTMENT

**G.O.Rt.No.406**

**Dated: 07.10.2015.**

**Read the following:**

1. From the Commissioner and Director of Municipal Administration, Telangana State, Hyderabad Lr.No.24470/2012/H3, Dated:03.09.2014.
2. Govt. Memo No.3202/D2/2014-1, Dated:13.09.2014.
3. From the Commissioner and Director of Municipal Administration, Telangana State, Hyderabad Lr.No.24470/2012/H3, Dated:10.12.2014.

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### **ORDER**

The Commissioner and Director of Municipal Administration, Telangana State, Hyderabad has reported that, as per the instructions issued in the Govt. Memo second read above, M/s EESL has taken up baseline study in selected stretches of 12 ULBs on Energy Conservation and Efficiency measures for replacement of conventional lights with LEDs accompanied with intelligent controls to enhance operational efficiency, in addition to reducing the overall energy use and proposed up to 70% energy cost savings in the present bills. In the mean time a series of meetings were convened with EESL and in the meetings it was broadly agreed on the following terms and conditions in the TA (Tri-party Agreement):

#### **I. PERFORMANCE ASSURANCE:**

- a. The EESL shall ensure that the entire agreement period the LED streetlights fixtures supplied and installed shall conform to technical standards as agreed.
- b. The EESL shall extend warranty of the LED street lights fixtures supplied under the TA throughout the agreement period covering any manufacturing defects.
- c. EESL assures a minimum energy savings of 50% from the existing energy consumption. This reduction of energy consumption will be verified by an independent agency appointed by EESL and C&DMA every year. In the event of actual savings achieved varying from the minimum energy savings of 50% from the existing energy consumption the following shall be applicable;
  - i. In the event that EESL fails to achieve minimum energy savings of 50% from the existing energy consumption then EESL shall pay to ULB the damages corresponding to the number of excess units consumed during the period multiplied by the energy charges prevailing at that time.
  - ii. In the event that EESL achieves energy savings more than the minimum energy savings of 50% from the existing energy consumption, then the amount corresponding to incremental energy savings calculated as the number of additional units saved about the minimum energy savings of 50% multiplied by energy charge prevailing at that time shall be shared in a ratio of 50:50 between EESL and ULB respectively.

#### **II. PENALTIES:**

EESL shall maintain a minimum uptime of retrofit luminaries of 95%. The following will be the performance requirement for replacement that EESL agrees to under the TA:

- a. To replace the defective LED lights within 72 hours of the reported failure.
- b. To keep adequate quantities of spare LED lights in order to enable speedy replacement.

**(PTO)**

- c. In case of the default by EESL on any of the above, a penalty equivalent to 2 times the monetized value of energy savings from the defective lamps will be deducted from EESL monthly payment. The penalty reckoned as savings from the defective lamps will be deducted from EESL monthly payment. Penalty will be reckoned as follows:

Penalty=2 [(wattage of replaced lights – wattage of defective LED lights)  
X No.of days of default beyond 72 hours X Tariff]

### **III. CONSEQUENCE OF TERMINATION:**

Upon termination of the TA for any reason, the terms specified in this TA shall cease to exist and are not enforceable;

#### **Termination Payment for Termination by "EESL":**

- a. Upon termination by the "EESL" on account of the "MA&UD" default the "EESL" shall be entitled to receive from "MA&UD" by the way of Termination Payment a sum equal to the consideration of the project as specified in the TA minus the amounts paid till termination of the TA minus amounts paid till termination of the TA minus the interest not applicable for the balance period of the TA after termination.
- b. On account of the "MA&UD" default leading to premature termination of the TA, the "MA&UD" shall pay compensation to the EESL at the rate of 10% of the consideration of the project as specified in the TA, in addition to the amount payable.
- c. Payments due to the EESL as calculated shall be made within 30 days of termination of the TA.
- d. In case of termination of TA, either party will have no claim against each other except as mentioned in the TA.

#### **Termination Payment for Termination by "MA&UD":**

- a. Upon Termination by the "MA&UD" on account of default by the EESL during period of the TA, in accordance with the provisions, the EESL shall be entitled to receive from the "MA&UD" by the way of Termination Payment a sum equal to 90% of the consideration of the project as specified in the TA minus the amounts paid till termination of the TA minus the interest not applicable for the balance period of the TA after termination.
- b. However, if the termination by the "MA&UD" is on account of the default by the EESL before supplies are effected in terms of this TA, then the EESL shall not be entitled for any termination payments.

2. The Commissioner & Director of Municipal Administration, Telangana State has also reported that in the meeting held on the progress of the street lighting pilot project on 09.12.2014, the following decisions were taken:

- i. ULBs shall open individual Escrow accounts to make timely payments to EESL.
- ii. A rebate of 0.5% shall be allowed on the payment of monthly bills within 7 days of the date of billing. A rebate of 0.25 shall be allowed if the payments are made after 7 days but within a period of the one month of presentation of bills by EESL.
- iii. In the event of delay in payment of a monthly bill by ULB beyond the period of one month from the date of billing, a surcharge shall be payable by ULB to the EESL at the rate of 2% in excess of the SBI PLR prevailing during such period, on the amount of outstanding payment calculated on a day to day basis (and compounded with monthly rest) on per annum basis, for each day of the delay.
  - a. ULB-wise Project cost will be as per the agreement.
  - b. Inclusion of clause for full-scale implementation and considering pilot project as part of full-scale project.

- c. Duration of Pilot Project to be kept as 3 months and repayment to start from 2<sup>nd</sup> month onwards to EESL after completion of retrofitting of lights at all ULBs (100%).
- d. Department of Municipal Administration and Urban Development to execute the agreement on behalf of Govt. of Telangana along with 12 ULBs and EESL.
- e. The following shall be timelines for proceeding further with respect to this project:

SL. No.	Activity	Time duration for completion
1	Signing of project implementation agreement for pilot project.	One week from the date of issue of orders.
2	Implementation of pilot project.	6-8 weeks from agreement signing
3	Duration of demonstration period of pilot project.	3 months
4	Monitoring of energy consumption before and after retrofitting.	7 days each during first month of demonstration Project.
5	Signing of project implementation agreement for full-fledged project.	One month before completion of the pilot project

3. The Commissioner & Director of Municipal Administration, Telangana State, has therefore requested the orders of the Government on the above proposal.

4. Government after careful examination of the proposal of the Commissioner and Director of Municipal Administration, Telangana State, here by accept the proposal of pilot project on street lighting in selected stretches of 12 ULBs of the Telangana (i. Karimnagar Municipal Corporation ii. Nizamabad Municipal Corporation iii. Khammam Municipal Corporation iv. Ramagundam Municipal Corporation v. Greater Warangal Municipal Corporation vi. Siddipet Municipality vii. Siricilla Municipality viii. Gajwel Nagara Panchayat ix. Mahabubnagar Municipality x. Mancherla Municipality xi. Nalgonda Municipality and xii. Tandoor Municipality) with M/s Energy Efficiency Services Limited New Delhi, as per the terms and conditions mentioned in the Tri Party Agreement appended to this order to be executed by ULB concerned, M/s EESL and Government to implement the project in 12 selected Town as per the guidelines and decisions taken in the meeting held on 09.12.2014.

5. The Commissioner & Director of Municipal Administration, Telangana State shall take necessary further action in the matter accordingly.

6. This order issues with the concurrence of Finance (EBS.VIII) Department vide their U.O.No1807/37/EBS.VIII/15, dt.16.02.2015.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF TELANGANA)

M.G.GOPAL  
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To  
The Commissioner & Director of Municipal Administration, Telangana State, Hyderabad.  
M/s Energy Efficiency Services Limited, New Delhi – through the C&DMA TS Hyd.  
Copy to:  
The Municipal Corporations and Municipalities concerned.  
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// FORWARDED: BY ORDER //

SECTION OFFICER